

REMARKS

Claims 1--3, 8, 11, 13-17, 19-22, 27, 30, 32-36, 38 and 39 are pending in this application. Applicants have amended claims 1, 20 and 39 to further clarify their invention.

Claims 1, 20 and 39 are the sole independent claims.

Claims 1-3, 8, 11, 13-17, 19-22, 27, 30, 32-36, 38 and 39 stand rejected under 35 U.S.C. 103(a) as being unpatenable over Walker et al. (US 6,018,718) for the reasons stated by the Examiner on pages 2-5 of the Office Action.

As now explained, a review and reading of the Walker patent ("Walker") makes clear that the patent does not disclose, yield or suggest Applicants' system and method as claimed in independent claims 1, 20 and 39. Applicants respectfully submit that differences exist between the system and method claimed in the present application and the system and method disclosed in Walker that warrant the immediate withdrawal of the rejection of claims 1, 20 and 39 under 35 U.S.C. 103(a). Applicants assert that given the differences between Walker and the claimed invention a person having ordinary skill in the art would not understand each element of the rejected claims to be obvious. Quite the contrary; as explained more fully below, Walker explicitly teaches away from the claimed invention. Accordingly, Walker fails as a reference against claims 1, 20 and 39.

As set forth in detail in the present application, and as explained in Applicants' previous submissions, Applicants' invention is directed to a new system and method for enhancing the value and desirability of a substantially conventional credit card or like payment product to both the card holder and to the issuer of the card through a program by which the issuer of the card awards rebates to its card holders based on the card holders' card usage. In contrast to conventional credit card programs sponsored by particular merchants

which limit the card holders to redeeming rebates for specific goods or services purchased from such particular sponsoring merchants, the rebate benefits according to the present invention are provided by the card issuer and can be based on the purchase of goods and services of any provider or on other credit card transactions which satisfy rules pre-defined by the credit card issuer. The present invention avoids the need for conventional partnerships with providers of goods and services such as co-branding arrangements.

Rebates in accordance with the present invention are earned from the card issuer solely upon making purchases or effecting other credit card transactions that (alone or cumulatively) satisfy the rules pre-defined by the credit card issuer. That is, it is the qualifying transaction itself that provides the card issuer with all it needs to recognize a rewards program event and provide an appropriate rebate to the card holder. There are no "performance targets" that need be met to earn a particular reward.

Walker describes embodiments of a system and method for providing and managing a reward offer to a holder of a financial account that is customized based on specific account criteria. In Walker, historical account data associated with the financial account are accessed and a first performance target associated with the financial account is determined. A reward offer having an associated reward description is selected and the first performance target and the reward description are transmitted to the account holder. Transaction data associated with the financial account are collected and compared to the first performance target. If the collected transaction data exceed the first performance target, the financial account is updated to reflect the reward. The collected transaction data are also used to determine a second performance target associated with the financial account based on the first performance target and the account holder's transaction activity. The type of performance target can be defined

by the card issuer, and can include charge volume, outstanding balance volume or transactions per month volume targets, each at one or more specific merchants.

In stark contrast to Walker, in accordance with the present invention, rewards are earned in some **objective proportion** to the card activity/usage on which they are based and not on “performance target thresholds” established by the issuer which are customized to the specific card holder (such as, for example, based on historical card holder data). Indeed, Walker explicitly teaches away from reward accrual programs of the general type under consideration (the present invention being a new improvement in such programs) which reward card holders for account usage based on predetermined objective criteria. *See, e.g.,* Walker at 1:46-65 (pointing out various shortcomings of reward accrual programs).

Applicants have previously amended claims 1, 20 and 39 to more distinctly claim the present invention in view of the foregoing differences vis-à-vis the Walker patent. Specifically, claims 1, 20 and 39 were amended to affirmatively recite that the pre-defined program rules include **objective criteria** by which a card holder can earn rewards based on purchases using the credit card.

The Office Action seeks to have a person skilled in the art combine the sketchy and cursory references to one of the prior art systems as described in Walker – ***and as criticized in Walker for containing shortcomings and thus requiring the improvements of Walker*** – with some unstated portion of Walker to yield all of the elements of the independent claims hereof. Citations to “Figs. 1-5 and associated text” of Walker do not lay out the claimed elements of the present invention, precisely because they teach away from them. Three sentences in the “Background Art” section of Walker (1:30-37) do not lay out the claimed elements of the present invention (or of any method or system).

Thus, Applicants respectfully traverse. The legal standard for rejection of claims in an application under section 103 requires that “an examiner must show an un rebutted *prima facie* case of obviousness.” *In re Kahn*, 78 USPQ2d 1329, 1335 (Fed. Cir. 2006), *citing In re Rouffett*, 149 F.3d at 1355. No such *prima facie* case has been made or set forth. A person skilled in the art cannot be expected to combine (i) a sketchy and disparaged “accrual rewards program” full of “shortcomings” as described in three sentences in a background section; with (ii) the entire disclosure of Walker directed to accessing historical data associated with a financial account and determining various performance targets as one or more functions thereof. Because Walker teaches away from what it presents as the prior art, the Office Action is asking one skilled in the art to both accept the premises of Walker and then deny their utility and relevance at the same time. Under such circumstances, the Office Action has not “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 78 USPQ2d at 1336, *citing In re Lee*, 277 F.3d at 1343-1346.

Moreover, there is no substance, and thus no “teaching,” that can even be gleaned from the “Background Art” section of Walker that could even be combined with anything, let alone a disclosure that explicitly teaches away from it.

Accordingly, Applicants assert that Walker is not a valid reference against independent claims 1, 20 and 39, and thus these claims are urged as patentable over Walker.

Regarding the rejection of dependent claims 2, 3, 8, 11, 13-17, 19, 21, 22, 27, 30, 32-36 and 38, it is submitted that these claims are also allowable by reason of their various dependencies from independent claims 1 and 20, as well as for the additional features and steps recited therein. Notice to this effect is also earnestly solicited.

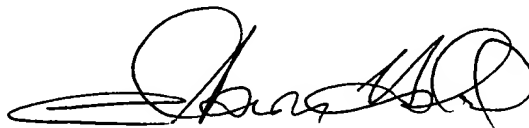
The references cited by the Examiner in the Office Action but not applied are believed to be merely of interest, and no further discussion of the references is deemed necessary or appropriate at this time.

On the basis of the foregoing amendments and remarks, Applicants respectfully submit that this application is in condition for immediate allowance, and notice to this effect is respectfully requested. The Examiner is invited to contact Applicants' undersigned attorneys at the telephone number set forth below if it will advance the prosecution of this case.

No other fee is believed to be due in connection with the submission of these papers. However, the Commissioner is hereby authorized to charge any fee deficiency or credit any overpayment to Deposit Account No. 50-0540.

Dated: August 28, 2006

Respectfully submitted,



Aaron S. Haleva, Reg. No. 44,733
KRAMER LEVIN NAFTALIS & FRANKEL LLP
1177 Avenue of the Americas
New York, New York 10036
Tel.: (212) 715-7773
Fax.: (212) 715-8000